

## City of Alexandria, Virginia

11  
11-16-02

## MEMORANDUM

DATE: NOVEMBER 11, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: CONSIDERATION OF THE ESTABLISHMENT OF A CAPITAL  
DEVELOPMENT OFFICE FOR THE CITY OF ALEXANDRIA

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**ISSUE:** Establishment of a Capital Development Office for the City of Alexandria

**RECOMMENDATION:** That City Council receive the attached materials, conduct a public hearing on this matter on November 16, and then give further consideration to the establishment of a Capital Development Office for the City.

**DISCUSSION:** At its September 24, 2002 meeting, City Council decided to hold a public hearing on the possible creation of a Capital Development Office. At its October 8, 2002 meeting, a public hearing date of November 16 was set. Attached are the prior docket items which contain the Capital Development Office Task Force Report, as well as recommendations concerning the establishment of a Capital Development Office. City Council considered this report at its February 22, April 12 and October 9, 2001, meetings before deciding to defer action until sometime in 2002.

**ATTACHMENTS:**

- Attachment 1. Revised Recommendations on the Report of the Capital Development Office Task Force - Docket Item 6, April 21, 2001
- Attachment 2. Recommendations on the Report of the Capital Development Office Task Force - Docket Item 17, February 28, 2001
- Attachment 3. Receipt of the Report of the Capital Development Office Task Force - Docket Item 14, January 23, 2001

City of Alexandria, Virginia

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4-21-01

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MEMORANDUM

DATE: APRIL 12, 2001

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: REVISED RECOMMENDATIONS ON THE REPORT OF THE CAPITAL  
DEVELOPMENT OFFICE TASK FORCE

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**ISSUE:** Revised staff recommendation on the report of the Capital Development Office Task Force.

**RECOMMENDATION:** That City Council:

- (1) Receive this staff report, which includes the revised recommendations regarding the operation of the proposed capital development foundation, and hold the previously scheduled public hearing on the proposed capital development foundation on April 21, 2001;
- (2) Docket this item for final Council approval on May 8, 2001; and
- (3) On May 8, authorize the Task Force to hold a final meeting for the purpose of: (a) designating a member of the Task Force to prepare an initial draft of the necessary incorporation documents; (b) recommending to City Council the three initial foundation board members, who shall also be charged with filing for the incorporation of the foundation; and (c) reviewing the proposed name for the foundation. Upon Council's receipt of these final recommendations from the Task Force, the Task Force shall be disbanded.

**BACKGROUND:** The Capital Development Office Task Force unanimously recommended that City Council support the development of a charitable foundation to solicit private support for City capital projects. The Task Force presented its recommendation to City Council at a work session on January 13, 2001, and the report was formally received by Council on January 23. On February 28, Council deferred action on the staff recommendation (Attachment 1), pending a meeting with community non-profit organizations and members of the Capital Development Office Task Force.

**DISCUSSION:** On March 15, the Capital Development Office Task Force met with interested individuals and private, non-profit groups representing a wide array of services and interests, including direct social services, arts, education, and historic preservation. Approximately 35 persons were in attendance. While several of the participants at the meeting on March 15 expressed a concern about the proposed foundation unfairly competing with existing non-profit organizations for donor support, members of the Task Force expressed the view that the establishment of the

foundation may raise the overall level of community philanthropy. Staff concur that the foundation will have a unique vision and mission, and that the establishment of the foundation should not detract in any significant manner from donor support of other organizations in the City of Alexandria.

Another concern raised at the March 15 meeting was that the foundation would have broad authority for the expenditure of funds for public purposes, potentially circumventing the authority and accountability of elected officials with regard to monies expended for public purpose. As envisioned, the foundation's role is to solicit funds only. In the case of a City government capital project, the decision-making authority and responsibility for the expenditure of funds, regardless of the source of the funds (e.g., the City's general revenues, a federal or State grant, or a gift from the capital development foundation) rests fully with the City Council. In the event that a donor provides a gift to the foundation, but has placed specific conditions on the gift, City Council will have complete discretion to accept or reject the gift conditions and, consequently, the gift. In the event City Council declines the gift from the foundation, the foundation will be responsible for returning the gift to the donor.

During the discussion with the Task Force, two additional issues were identified for further clarification. These issues, and related staff recommendations, are addressed below. In the event that the establishment of the foundation is approved, these issues will be addressed in greater detail by the foundation board of directors through the drafting of by-laws and policies. The staff recommendations are meant to provide a general framework to guide the future foundation board of directors.

It is important to note that the foundation, if approved, will require a multi-year period (approximately five years) to become established, and it is unlikely that the foundation will generate funding to direct toward capital projects in any significant amounts during this start-up period.

Issue 1: Will the foundation solicit funding for non-City capital projects (e.g., capital projects of private, non-profit organizations)?

Recommendation: In the initial start-up phase of the foundation, it is anticipated that the foundation board of directors, with Council concurrence, will select a limited number of City capital projects (e.g., two or three specific projects) from the City's Capital Improvement Program (CIP) for which it will actively solicit funds. It is anticipated that during the start-up phase, the foundation will focus its active solicitation efforts on projects included in the City's Capital Improvement Program.

During this start-up phase, however, the foundation could also accept, in accordance with guidelines developed by the foundation board, funding that a donor wishes to direct to a specific non-City CIP capital project. Where such a gift is "donor-directed" to a non-profit organization, the foundation would receive the gift and convey it to the non-profit organization for its acceptance.

During this initial start-up period, it is anticipated that the foundation staff would be available to provide technical assistance to non-profit organizations on issues related to fund-raising.

As the foundation matures into a major fund-raising organization (perhaps over a five to ten year period), the foundation may determine that it wishes to include specific private, non-profit capital projects in its fund-raising solicitations. If this were to occur, the foundation board would draft additional by-laws defining the circumstances and procedures under which such solicitations would take place. In that case, the foundation would continue to serve as a conduit, passing donor gifts either to the City Council, in the case of a City CIP project, or to a non-profit organization, in the case of a non-City CIP project gift.

It is not anticipated that the foundation would actively solicit funding under broad categories of support (e.g., education, parks, arts, youth, historic preservation) during the initial start-up period. Should the foundation receive a gift under a broad category rather than for a specific project during this period, it would convey the gift to the City Council for acceptance or rejection, and Council would determine one or more capital projects, within the designated category, to fund with the gift. Over time, and as the foundation matures, the foundation board may consider the option of serving as a grant making organization under broad categories of support. However, the foundation is not envisioned to be a grant making organization for at least five to ten years.

Issue 2: Is the City providing on-going operating support to the foundation?

Recommendation: The City's level of investment in the foundation, if approved, is limited to a total of \$500,000. Staff recommend that this be viewed as a one-time start-up investment in the foundation establishment. The City's contribution to the foundation would include \$170,000 available in the FY 2001 budget, plus \$100,000 included in the FY 2002 proposed budget. Future appropriations would need to be approved by City Council in subsequent budget cycles. The net additional City funding totaling \$330,000 through FY 2005 would be considered in the annual budget process, with a planned City contribution of \$100,000 in fiscal years 2002 through 2004, and up to \$30,000 in FY 2005. The City's continued support for the foundation after FY 2002 will need to be considered in light of the foundation's progress in raising the remaining share of administrative costs during its initial years of operation.

**ATTACHMENT:**

1. Docket Item 17, February 28, 2001 - Recommendations on the Report of the Capital Development Office Task Force

**STAFF:**

Lori Godwin, Assistant City Manager

*City of Alexandria, Virginia*

17  
2-28-01

**MEMORANDUM**

**DATE:** FEBRUARY 22, 2001  
**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
**FROM:** PHILIP SUNDERLAND, CITY MANAGER *PS*  
**SUBJECT:** RECOMMENDATIONS ON THE REPORT OF THE CAPITAL  
DEVELOPMENT OFFICE TASK FORCE

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**ISSUE:** Staff recommendation on the report of the Capital Development Office Task Force.

**RECOMMENDATION:** That City Council:

- (1) Approve the establishment of a charitable foundation in accordance with the plan recommended by the Capital Development Office Task Force, with the following modification: a limit of \$100,000 in annual funding support from the City of Alexandria, subject to the annual budget process, up to a maximum total contribution from the City of \$500,000 for this initiative; and
- (2) Authorize the Task Force to hold a final meeting for the purpose of: (1) arranging for the preparation of the necessary incorporation documents; (2) recommending to City Council the three initial foundation board members, who shall also be charged with filing for the incorporation of the foundation; and (3) reviewing the proposed name for the foundation and recommending a name to Council. Upon City Council's receipt of the incorporation documents and these final recommendations from the Task Force no later than the end of May, the Task Force shall be disbanded.

**BACKGROUND:** The Capital Development Office Task Force unanimously recommends that City Council support the development of a charitable foundation to solicit private support for City capital projects. The Task Force presented its recommendation to City Council at a work session on January 13, 2001, and the report was formally received by City Council on January 23 (Attachment 1).

As noted in the report, the Task Force recommends that the City provide financial support totaling approximately \$542,000 for the first five years of the foundation's operation. The Task Force anticipates that the City's funding would be matched by community contributions of nearly \$770,000 for foundation operations.

In return, the goal of the Foundation would be to generate at least \$5,000,000 in restricted contributions in direct support of City capital projects over that same period of time. The Task Force anticipates that this foundation would be self-supporting, and require no funds from the City, following its fifth year of operations.

**DISCUSSION:** City staff concur with the Task Force that the development of a charitable foundation that is an independent entity working in partnership with the City holds tremendous potential as a mechanism to supplement resources available for City capital projects and projects that will enhance the Alexandria community.

The Task Force report provides a thorough operational plan for the establishment of such a foundation, and staff also concur that there should be only minor adjustments to the plan. At the January 23 City Council meeting, Councilwoman Eberwein requested that the proposed name for the Foundation, "The Alexandria Capital Development Foundation, Inc.," be reviewed. Staff suggests that the naming issue be referred back to the Task Force for review.

As noted in the report, the Task Force recommends that the City provide financial support totaling approximately \$542,000 for the first five years of the foundation's operation. The Task Force budget suggested City financial support that was based on an initial contribution of \$100,000, which would be increased annually by four percent through the fifth year of operation.

The City's FY 2001 budget currently includes a total of approximately \$170,000 (including FY 2000 carry-over funding) for a capital development office, and staff recommend that these monies be made available to facilitate the initial start-up costs and operating costs of the foundation. In addition, future City contributions would be considered in the annual budget process; however, staff recommend that the City's annual appropriation be held constant at \$100,000 through FY 2004, with up to \$30,000 considered in FY 2005, for a total City financial contribution to the foundation of \$500,000. Staff note that the City does not typically factor in an automatic adjustment for financial contributions to public-private partnerships. Such increases, if recommended, must be reviewed in the context of other competing demands for City resources, and in light of available revenues. A fixed annual contribution amount without any annual adjustment also helps to communicate the City's cap in the provision of start-up funding.

Staff also recommend that the foundation be held to the goal of being fully self-supporting by FY 2005. The City's planned financial support by FY 2003 - FY 2005 should also be evaluated against the performance standard for the cost of fundraising recommended in the Task Force report. While staff concur that the foundation will need time to develop its program and see financial results, the City fully expects to see significant progress toward the national standard for the cost of dollars raised of a four to one ratio. (That is, for every \$1 spent by the foundation, it should have raised \$4.)

To proceed with the establishment of the independent charitable foundation, incorporation documents must be prepared and filed. Staff recommends that the Task Force be authorized to prepare the initial draft of these required documents. Staff will assist the Task Force with obtaining independent pro-bono legal assistance to file the documents, following final approval by City Council.

In addition, staff concur with the Task Force that one of the primary keys to success of this initiative is that the foundation "must not be, and must not be perceived to be, an arm of City government. It must be viewed by the community as an independent entity working in partnership with the City for the common good of all the citizens of the community."<sup>1</sup> With this in mind, staff concur that the Task Force should serve as the nominating committee for the initial three members of the Board of Directors for the foundation, who shall also be charged with serving as the incorporation officers for the foundation. The individuals nominated by the Task Force would be confirmed by City Council, and remaining membership of the full Board of Directors would proceed as recommended in the Task Force report, including appointment of the two *ex officio* non-voting members. The *ex officio* members would be a member of City Council appointed annually by the Mayor and a representative of City management appointed annually by the City Manager.

Staff recommend that the Task Force be authorized to meet to complete these administrative tasks related to the establishment of the foundation, and that the Task Force be requested to present its nomination of Board Members and the incorporation documents to City Council for final approval no later than the end of May 2001. No further Council actions would be required for the establishment of the foundation following approval of this final report, and the Task Force would be disbanded at that time. The City's consultant on this project will continue to provide support to the Task Force and staff as necessary during the start-up phase of the foundation.

**FISCAL IMPACT:** The City's FY 2001 budget currently includes a total of approximately \$170,000 (including FY 2000 carry-over funding) for a capital development office. Staff recommend that the City's total direct cumulative financial contributions for start-up costs and a portion of the initial operating costs for the foundation not exceed \$500,000 through FY 2005, after which time the foundation is expected to be self-supporting. The net additional City funding totaling \$330,000 through FY 2005 would be considered in the annual budget process, with a planned City contribution of \$100,000 in fiscal years 2002 through 2004, and up to \$30,000 in FY 2005. The City's continued support for the foundation after FY 2002 will need to be considered in light of the foundation's progress in raising the remaining share of administrative costs during its initial years of operation.

After the first five years of operation, the City's expectation is that the foundation will be fully self-supporting, and the City's financial contribution will be discontinued.

**ATTACHMENT:**

1. Docket Item 14, January 23, 2001 - Receipt of the Report of the Capital Development Office Task Force

**STAFF:**

Lori Godwin, Assistant City Manager  
Mark Jinks, Assistant City Manager

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<sup>1</sup>Task Force Report, page 19.

14  
1-23-01

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 13, 2001  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*  
SUBJECT: RECEIPT OF THE REPORT OF THE CAPITAL DEVELOPMENT OFFICE  
TASK FORCE

**ISSUE:** City Council receipt of the report of the Capital Development Office Task Force.

**RECOMMENDATION:** That City Council:

- (1) Receive the report of the Capital Development Office Task Force (Attachment 1), and thank the members of the task force for their thoughtful deliberations and hard work; and
- (2) Refer the report to staff for review, with the staff report and recommendation to be docketed at the second legislative meeting in February.

**BACKGROUND:** On December 14, 1999, City Council adopted Resolution #1971 that authorized the Mayor to appoint a citizen task force to research the establishment of a private, non-profit capital development office. In addition, City Council approved hiring a consultant with private fund-raising expertise to assist the task force in its work. The City issued an Informal Solicitation for Proposals for the consultant assistance, and Mr. Victor Dymowski of St. Clair Partners, LLC was selected in spring 2000.

The Office of Citizen Assistance advertised for volunteer citizens to serve on this task force during the late winter and early spring of 2000. The task force appointments were made in the spring, and the task force held its first meeting in August 2000. The task force met eight times through January 2001, and held a work session with City Council on January 13, 2001, to brief Council on their report and recommendations.

**DISCUSSION:** The Task Force unanimously recommends that City Council support the development of a charitable foundation to solicit private support for City capital projects, and the Task Force report details the plan for the establishment of such a charitable foundation.

In addition to detailing an operations plan, the Task Force recommends that the City provide financial support totaling approximately \$542,000 for the first five years of the foundation's operation. The Task Force anticipates that the City's funding would be matched by community contributions of nearly \$770,000 for foundation operations.



In return, the goal of the Foundation would be to generate at least \$5,000,000 in restricted contributions in direct support of City capital projects over that same period of time. The Task Force anticipates that this foundation would be self-supporting, and require no funds from the City, following its fifth year of operations.

Staff will review the report, and the projected foundation budget, and return to Council with a recommendation at the second legislative meeting in February.

**FISCAL IMPACT:** The Task Force recommends City financial support totaling approximately \$542,000 over five years. The City's FY 2001 budget currently includes a total of approximately \$170,000 (including FY 2000 carry-over funding) for a capital development office.

**ATTACHMENTS:**

1. Capital Development Office Task Force report to City Council, January 13, 2001
2. Task Force roster

**STAFF:**

Lori Godwin, Assistant City Manager  
Paul Doku, Budget/Management Analyst

**City of Alexandria  
Capital Development Office Task Force  
Report to City Council**

*January 13, 2001*

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## Introduction

On December 8, 1999 Alexandria City Council adopted Resolution 1971 that authorized the Mayor to appoint a Task Force to develop plans for the operation of a capital development fund office. The Task Force was formed and met between August 29 and December 8, 2000.

The resolution listed a number of specific topics City Council wanted the Task Force to address. It directed the Task Force to recommend policies and procedures that would carry this project forward. It also stated that the Task Force's recommendations need not be limited to these specific topics. In the course of its deliberations regarding the feasibility of success for this program, the Task Force did address a number of other issues.

This report is presented in three parts. Part One addresses the specific topics listed in Resolution 1971 and the Task Force's recommendations regarding these topics. Part Two discusses other issues relevant to the establishment of this foundation in a question and answer format. Part Three is a concluding statement that represents the Task Force's consensus on how City Council should proceed with this project in order to give it the best chance of success. The three Addenda contain additional information referenced in the text.

The pursuit of private contributions to support municipal projects is not a new idea. A survey conducted by the International City/County Management Association (ICMA) thirteen years ago, in 1987, indicated that many local governments at that time were actively seeking private support. An article in ICMA's Municipal Year Book 1997 about fund raising by municipalities and public agencies cited this survey and stated:

Not only was the number of local governments undertaking private fund raising larger than anticipated, but some local governments were extraordinarily good at it. Of the almost 1,000 respondents, nearly half reported receiving contributions from private sources (corporations, foundations, and individuals) for a variety of program areas. . . . Some local governments had received gifts of over \$1 million. A full-scale effort to update the 1987 results has not been undertaken but information

obtained through telephone interviews confirms that, nine years later, local government fund raising is on the rise.<sup>1</sup>

The Alexandria Library Foundation already exists for the purpose of attracting community support for the public library system. A number of organizations have been developed to seek contributions for various historic sites owned and operated by the City of Alexandria. In nearby Fairfax County there is a public libraries foundation and there will soon be a foundation to support the park system. In light of these and similar efforts around the nation it is entirely appropriate for City Council to consider the role of private contributions in funding City capital projects and to take the steps necessary to attract such support.

The members of the Task Force wish to express their appreciation to City Council for inviting them to be part of this discussion. This is a project that has the potential to help shape our community in very positive ways for the current generation and for many generations to come.

A list of the members of the Task Force is included in Addendum 1.

### Executive Summary

This report represents the collective thinking and unanimous opinion of the Capital Development Office Task Force that City Council should support the development of a charitable foundation to solicit private support for City capital projects.

City Council's support for this project would consist of two actions. The first is Council authorization to incorporate The Alexandria Capital Development Foundation, Inc. The second is the designation of City funds to partially fund the first five years of the Foundation's operations in the total amount of approximately \$542,000. These funds would be matched by community contributions of nearly \$770,000 for Foundation operations.

In return the goal of the Foundation would be to generate at least \$5,000,000 in restricted contributions in direct support of City capital projects over that same period of time. In addition, the Foundation expects to be able to receive commitments through wills and estate gifts of approximately \$10,000,000 which would eventually be paid to the foundation at a future time, generally upon the death of the donor. Receipt of these funds would not be expected for at least ten or fifteen years.

In Part One: Task Force Recommendations a series of six recommendations is presented. These statements directly respond to the topics outlined for the Task Force in Resolution 1971. Key among these is the Recommendation 3 that the Foundation's

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<sup>1</sup> *Municipal Year Book 1997*, International City/County Management Association (ICMA, "Fundraising from Private Sources: An Option for Local Governments" by Mary Wade.

Board of Directors be responsible for the nomination and election of its own members. Also important is the mission statement in Recommendation 5 which defines the Foundation's mission to solicit "funds that will be deployed on capital development projects that further enhance the ambiance and quality of life in our City." Specific recommendations regarding Foundation policies and practices are outlined in Recommendation 6.

**Part two: Discussion of Issues** summarizes discussions the Task Force had during the four months it met. These issue discussions cover a range of topics from the need for contributed funds to donor motivation to what should be the short and long-term goals of the Foundation.

**In Part three: Conclusion** the Task Force states its belief that the success of The Alexandria Capital Development Foundation will depend upon real and perceived independence from City government. Thus, if this report, and its recommendation that a foundation be created, is accepted the Task Force strongly recommends that it be accepted with little or no modification. The Task Force believes it has presented a program that will be successful because it is based on sound fund raising principles. Changes that may better suit other considerations may result in creating an organization that donors will find hard to support.

Addenda 1-4 include a listing of the Task Force membership, a job description of an Executive Director of the Foundation, a projected five-year budget for the Foundation, and a list of similar programs from around the nation.

#### **Part one: Task Force Recommendations**

Resolution 1971 directed the Task Force to address a number of specific topics. These are:

- A mission statement
- By-laws and incorporation documents
- Composition of a full Board of Directors
- Recommendations regarding desired qualifications and tenures of office for Board members
- Recommendations regarding the origins of Board member nominations
- Guidelines for the solicitation, acceptance and recognition of donations
- A staffing plan and job description for a development director
- Location for the office
- An annual revenue and expense budget

A process for coordinating development office activities with the City government to ensure its activities compliment and support the City's capital improvement program.

Annual goals and objectives

Recommended performance standards

The following set of recommendations addresses these topics.

***Recommendation 1: Type of organization and name***

A capital development office should be established in the form of a publicly supported, nonprofit, charitable foundation designated by the Internal Revenue Service as a 501 (c) (3) tax exempt organization. The foundation should operate in a way that will fulfill its fiduciary responsibilities including adherence to all IRS regulations, the implementation of annual audits and prudent investment guidelines, and other respected standards of behavior for these types of organizations. The name of this foundation should be "The Alexandria Capital Development Foundation, Inc."

***Recommendation 2: Appointment of the initial board***

An initial Board of three Directors of the Foundation should be nominated by the Task Force and appointed by City Council if Council approves the establishment of the Foundation.

Note: Resolution 1971 named the Task Force as the initial Board of Directors of the Capital Development Office and directed it to draft Articles of Incorporation, Bylaws and other incorporation documents. However, the Task Force believes it is premature to incorporate or to draft Articles of Incorporation and Bylaws or to take any steps toward the incorporation of a foundation before a decision is made by City Council to proceed with this project. If that decision is made, the Task Force believes it can best serve in the capacity of a nominating committee for the initial three directors.

***Recommendation 3: Governing members***

Following the appointment of the initial Board of Directors and the incorporation of the Foundation, the Foundation's Board of Directors should be the governing member of the corporation with authority to elect and remove its own Board members and officers, manage its operations, hire staff and, if necessary, dissolve the corporation.

***Recommendation 4: Make-up of the full Board***

The Board of Directors of the Foundation should ultimately consist of nine voting Directors and two *ex officio*, non-voting Directors. The two *ex officio*, non-voting trustees would be a member of City Council appointed annually by the Mayor and a representative of City management appointed annually by the City Manager. The voting trustees will be volunteers.

***Recommendation 5: Mission statement***

The following mission statement for the Foundation should be adopted:

The mission of the Foundation is to pursue the vision of a future for Alexandria that is in keeping with its status as a City of beauty, older than America itself, through the solicitation of funds that will be deployed on capital development projects that further enhance the ambiance and quality of life in our City.

The Foundation may elect to support projects identified in the City's Capital Improvements Program, or may identify and support other projects that in its judgment are compatible with the vision. While consultation and cooperation with City Council will be fundamental to the operation of the Foundation, its mission requires that it be a separate body that is neither in fact nor in perception an arm of City Council. At no time will the Foundation raise funds on behalf of programs that in its judgment should be funded solely through tax revenue.

***Recommendation 6: Operating plan***

The following operating plan should be adopted by the Foundation:

**Guidelines for the solicitation of gifts**

Prospects should be solicited for projects that will be implemented by the City or for endowment funds that will be held and managed by the foundation.

Donors of significant gifts generally want to influence the future. The successful solicitation of gifts is the result of a process that begins with the articulation of a vision of a better future that can be achieved through financial support. Donors of significant gifts report that being inspired by a vision of a better future and being asked to give are among the two most significant reasons why they give.

In the context of a common vision of a better future the Foundation's Board of Directors and City Council must work in harmony with the community to define fund raising projects that will further that vision.

When such projects have been identified a Case for Support should be developed for each. The Case for Support is an inspirational description of the community benefit of the project in the context of the broad vision of a better future.

This description is bolstered by financial facts and figures to support the importance of private community support for each project. This information will include topics such as the limitations of tax revenues and borrowing, the importance of staying ahead of capital needs to achieve the long-term vision of an enhanced and enriched community and the economic value of contributed support.



In addition to fund raising for specific capital construction projects, the foundation should focus on soliciting funds that can be used to build an endowment fund. Income generated by such endowment funds can, over a long period of time generate substantial income to support future City capital projects.

When fund raising objectives have been identified specific actions need to be taken over time to identify potential prospects for contributions. These actions involve promotional activities undertaken by the Foundation Directors and staff as part of a coordinated marketing plan to make the foundation and its mission well known in the community.

As these activities are pursued prospects will begin to emerge and identify themselves. At that point the Foundation Directors and staff will develop specific strategies for involving and soliciting potential major gift prospects.

#### Guidelines for the acceptance of gifts

If there is any question about the implementation of projects, recognition donors may expect, or any other issue, the Foundation should serve as a mediator between the donor and City Council or any other agency that may be involved in the process before gifts are accepted. The Foundation should only accept gifts when it is confident the expectations of the donor can be met.

If, despite these efforts, gifts are accepted and later it becomes clear they will not be able to be used as the donor intended, the Foundation must be prepared to return the principal amount donated to the donor unless the donor is willing to change the designation of his or her gift.

The Foundation must take precautions in evaluating and accepting some types of assets as gifts. These would include assets where the immediate value cannot be determined such as privately held stock or assets, such as real estate, that have the potential of putting substantial financial burdens on the Foundation. In addition the Foundation's right to receive some gifts may be deferred while these gifts provide income for donors during their lives.

The formal acceptance of gifts by the Foundation should be accomplished by formal action of the Board of Directors.

#### Guidelines for the recognition of gifts

Naming facilities in recognition of significant major gifts is a time-honored way non-profit charities have recognized and encouraged donors to make such gifts. However, there are potential difficulties in naming facilities.

For example, donors may bring disrepute upon themselves later in life; embarrassing information about deceased donors may come to light at some future time; facilities named for corporations may be perceived as commercial; there may be the perception

of corruption and influence buying if a donor is perceived as gaining from the donation in some way; or there may be an undesirable image attached to a product or cause associated with the donor.

Therefore it is very important for the Foundation and the City to approach the concept of public recognition thoughtfully. The Task Force recognizes that there is a distinction between the Foundation's responsibility to solicit and receive gifts and its ability to confer names on facilities. Naming facilities constructed by the City is a responsibility of the City Council and the School Board and is not dependent on the source of funds used for construction.

In recognition of certain gifts the foundation may make recommendations to the City Council that facilities or parts of facilities be named in accordance with the wishes of the donor or donors. These recommendations will be put forward under the already existing naming procedures defined by the City and School Board.

#### Criteria for Foundation Directors

Foundation Board Directors should be recruited based on the following criteria:

Personal and professional integrity

Commitment to the good of the community

The ability and creativity to assist in the development and articulation of the Foundation's vision of an enhanced and enriched Alexandria through contributed support.

The ability and willingness to contribute to the Foundation and to solicit gifts at substantial levels.

Possession of other skills and abilities that may be of particular value to the Foundation.

#### Nomination and election of Board members

The initial voting members of the foundation board should be nominated by the Task Force and elected by City Council. Their terms in office should be three years.

After the initial three Directors are nominated by City Council the Foundation Board becomes self-perpetuating, responsible for recruiting and electing its own members.

As new members are elected to the Board their terms of office should be set so that each year the terms of approximately one third of the board will end.

The two ex officio, non-voting members of the board should be appointed by the Mayor and City Manager annually.

#### Selection of Fund Raising projects

Fund raising projects may be developed initially from the list of projects identified in the City's capital improvements program. The Foundation, relying on its contacts with the community and potential donors, and City Council can suggest projects each believes should be on the list. The ultimate decisions must be balanced between the Foundation Directors' belief that a project can attract private contributions and the Council's commitment to proceeding with the project if funding is available.

In addition it may be possible that a potential donor presents himself or herself to the Foundation and expresses a willingness to contribute funds for a project that is not currently in the capital improvements program. In such a situation it is in the City's interest to consider the possibility and desirability of the project.

Specific standards for what constitutes a desirable and possible project should be defined and mutually agreed to by the Foundation and Council in advance of such a possibility presenting itself. These standards would include such considerations as the long-term value of the project and the impact of the project's operating costs on the City's annual operating budget.

It may also be possible that the Foundation's Board of Directors will come to believe that a particular project that is not currently under consideration by the City would gain sufficient support from donors if it were added to the list of approved fund raising projects. In this instance the same procedure described in the previous paragraph for determining the possibility and desirability of a project should be followed.

Finally, donors of long-term bequest gifts will not be in a position to specify which projects their funds should be restricted to and some current donors may not wish to restrict their gifts for specific projects. In those cases it will be in the interest of the City and the Foundation to establish general purpose funds that may specify categories of projects such as parks, schools, libraries, historic sites and open space acquisition.

#### Foundation Staff

The Task Force envisions a Foundation staff of two individuals: an Executive Director and a staff member to provide support. Foundation staff should be employees of the Foundation, not employees of the City, and will be expected to comply with the code of ethics of the Association of Fundraising Professionals.

A key position will be the Executive Director. This person will be responsible to work closely with the Foundation Directors to provide the guidance, leadership and coordination that will make this project successful. It is very important that this person have substantial experience in the fund raising profession especially in the

areas of major gift fund raising and the development and implementation of bequest solicitation programs.

While not envisioned in the budget prepared for this program, it may be possible that in time a second professional staff member may be hired. This would be a Planned Giving Director. This person would specialize in developing and implementing an estate gift and bequest solicitation program.

A job description for the Executive Director is included in Addendum 2.

#### Office location

The Task Force recommends that the office of The Alexandria Capital Development Foundation be located in commercial office space near City Hall. This recommendation is based on the importance of the Foundation communicating an image of a close working relationship with the City while maintaining its independence.

#### Budget and annual financial goals

A projected five-year budget was prepared by the Task Force. The budget assumes the following:

Cumulative operating expenses for the first five years are projected to be \$1,310,007.

City Council will provide operating grants totaling \$541,613 over the first five years.

Community donations to cover the balance of the cost of operating the Foundation during the same period will be raised by the Foundation's Board of Directors. That total is projected at \$768,394.

Contributions restricted to the support of City capital projects are expected to total \$5,000,000 over the first five years of operations.

Annual inflation is estimated at 4%.

The budget and budget notes are included in Addendum 3.

#### Performance standards

- This fund raising program is envisioned as a joint effort of the Foundation staff and the Board of Directors. Therefore performance standards should be applied to the Foundation as a whole and the performance of both the Board and the staff must be taken into account when looking at the results of the total effort.

The performance of the Foundation must be viewed in terms of the considerable amount of time it will take to develop its program and to see financial results.

However, it is possible to judge on an annual basis whether or not progress is being made toward the ultimate goals. For example it is possible to annually measure the actual unrestricted and restricted gifts received against the projections made at the beginning of each year. Other factors such as the number of contacts with prospective donors can be measured. In addition judgments can be made about the direction, strength of leadership, creativity and persistence brought to the fulfillment of the Foundation's mission by the staff and the board.

Over the long term it is possible to use a measure like the cost of dollars raised. By national standards an acceptable ratio is 4 to 1. That is, for every \$1 spent by the Foundation it should be raising \$4 for a cost per dollar raised of \$.25. However, this measure should be based on a rolling five-year average of both expenses and revenue to account for unusual years when expenses are higher than normal and in other years when because of an unusual gift or bequest the receipts are also much higher than would normally be expected.

#### **Part two: Discussion of Issues**

In the course of its deliberations the Task Force considered a number of issues that were not specifically mentioned in Resolution 1971. They are presented here to assist City Council in its consideration of this project.

##### *Issue One - "Does the City of Alexandria need contributed funds?"*

The City of Alexandria has a source of revenue (taxes) and the capacity to borrow. However, like most other organizations the City's resources are limited in relation to all the things that can be done for the benefit of the community. Contributed funds would allow the City to do more.

The publication, City of Alexandria, Virginia, Proposed Capital Improvement Program FY 2001-2006, (CIP) shows that a total of \$156 million in local funding has been designated for a variety of capital projects over the next six years. These include:

- Alexandria City Public Schools -- \$57.6 million
- Traffic and transit -- \$32.9 million
- Public buildings -- \$18.2 million
- Recreation and parks -- \$9 million
- Libraries -- \$1.2 million
- Information technology -- \$12.4 million
- Sewers -- \$21.4 million
- Waterfront projects and dredging -- \$1.5 million
- Correctional facilities debt service -- \$1.2 million
- Northern Virginia Community College -- \$453,000

The City Council has also acknowledged the many requests for increased capital funding for projects that would enhance community facilities and improve parks, open space, and recreational and educational facilities. However, due to higher priority infrastructure maintenance needs of the City for major public works projects such as sanitary sewer repairs or traffic management, and the increased capital maintenance requirements of the Alexandria City Public Schools due to growing student enrollments and heavily used school facilities, funding is not available or is very limited for many desirable capital projects that would enhance and expand community facilities.

In the past year alone, funding requests for capital projects that could enhance the ambiance and quality of life in the City have exceeded more than \$40 million - moneys that are simply not available in the City's six year capital program. The types of capital projects suggested generally include the following:

- Acquisition and development of new public parks.
- Enhancements to existing public parks and open space areas.
- Additions and enhancements to public libraries.
- Additions and enhancements to recreational facilities.
- Construction of new community recreational and leisure facilities.
- Additions and enhancements to the City's public schools.
- Enhancements to historic museums and historic sites open to the public.
- Enhancements to public buildings, including fire stations and the public safety center.

The Task Force agrees these are desirable projects that would be compatible with the Foundation's mission statement. As early actions, the Foundation should select specific projects from this list that are compatible with its mission and, with the help of suggestions from the community, determine if there are other projects that should be examined. The initial effort would be to identify two or three projects that capture the vision of a desirable future Alexandria. These projects would form the basis of the foundation's solicitation program.

The consensus of the Task Force is that a source of funding for capital projects in addition to tax revenues and borrowing would enhance and enrich our City and community.

*Issue two - "Do other municipalities seek private donations for public projects?"*  
Addendum 4 of this report is a list of municipalities and agencies that are seeking private donations for public projects. Most of the programs on the list were identified by city staff prior to the formation of the Task Force. Others were added by members of the Task Force. It is not intended to be an exhaustive list.

The forms these efforts take vary widely. However, the underlying theme is the same, namely, providing individuals, organizations and corporations a channel to

support public projects. It does not appear that any of these are taking an approach closely analogous to that proposed for Alexandria. However, the Astabula County, Ohio, Foundation seems to be the closest.

The solicitation of private funds for public purposes seems to be widely accepted. The number of examples reflects an awareness that tax revenues are limited and that municipalities can reach out to invite the free will contributions of citizens if they want to create communities that provide more than basic infrastructure requirements.

Examples of organizations seeking private support for public projects already exist in Alexandria itself. Each of the seven city-owned and operated historic sites has a nonprofit friends group that is raising money to support these facilities. The sites are the Alexandria Black History Resource Center and Watson Reading Room; Friendship Firehouse Museum; Fort Ward Museum and Historic Site; Gadsby's Tavern Museum; the Lyceum; the Torpedo Factory Art Center; and the Alexandria Archaeology Museum. The friends groups, which are entirely volunteer organizations, typically raise from less than \$1,000 to \$15,000 per year for special acquisitions or conservation efforts. In addition, the Alexandria Public Library Foundation exists and is actively seeking support for the library system.

The Task Force sees the Alexandria Capital Development Foundation interacting with these organizations in very positive ways. The purpose of the proposed new foundation is to seek funding for capital projects. To the extent the existing organizations are also interested in seeking funding for capital projects the purposes of the new foundation and existing groups would merge to the benefit of the entire community.

*Issue Three - "Is it possible to motivate donors to support this cause?"*

In seeking an answer to this question the Task Force invited John W. Thomas, Vice President for Development at Children's Hospital National Medical Center to discuss the topic of fund raising and what motivates donors to give. Children's Hospital is recognized as one of the most effective fund raising organizations in the nation and Mr. Thomas, as the chief fund raising officer, is responsible for much of that success in the past five years.

What the Task Force learned from Mr. Thomas is that donors are motivated to give large gifts by a vision of a better future and the belief that their donations to a particular institution will help make that vision a reality.

The question then became "Is there a vision for Alexandria and the community it serves that can be advanced through donated funds?" The Task Force believes that the potential for success for the Foundation lies in the answer to this question.

The Task Force's vision for Alexandria is that the inherent characteristics of this City will be recognized and continuously enhanced through the generosity of donors who

love our City, in ways that could not otherwise be envisioned. The inherent characteristics as perceived by the Task Force are:

- > A City that houses substantial portions of the national heritage, dating back to Colonial times.
- > A riverside location of outstanding beauty.
- > Proximity to our nation's capital and all its features and amenities.
- > Well-served by road, rail, air and water transport.
- > A population that includes a significant percentage of potential large donors.

The vision includes the further beautification of our City, and the development of projects that will enhance the recognition of its heritage. It also encompasses the development of new programs that will retain and enhance Alexandria as a City of the 21<sup>st</sup> century, while preserving its heritage.

The Task Force believes that individuals, corporations, foundations, service organizations and other gift and grant-making entities will support The Alexandria Capital Development Foundation if the Foundation effectively presents potential donors opportunities to help fulfill this vision through their donations.

*Issue Four - "Should the Foundation focus on projects other than capital improvements?"*

The Foundation should restrict its fund raising activities to raising money for capital projects. There are many other organizations that are raising funds for programs that benefit our community. There is no other organization whose mission is to raise funds for City capital projects.

Capital projects are more easily defined for donors. There is a visible end product that benefits all the citizens in the community and that donors can take pride in.

*Issue Five - "What level of commitment will be required of Directors of the Foundation?"*

Members of the board should be volunteers who are passionate about a vision of the future for the City of Alexandria and they should be committed to the mission of the Foundation in service of that vision.

Such passion and commitment are required because the primary role of Directors of this Foundation will be to raise money to sustain the Foundation's operations and to fulfill its mission to raise restricted funds for City capital projects. They need to be people who are willing to use their personal influence to tell the Foundation's story to prospective donors and to be persuasive in the pursuit of contributions.



Serving as a member of the board of this Foundation is a significant opportunity for community service with little direct reward except the personal satisfaction of advancing a vision of a more desirable future.

*Issue Six - "What is the potential for significant donations to this Foundation?"*  
This question goes beyond the question of donor motivation to the issue of how capable members of this community are to make substantial donations.

A review of estimates for the year 2000 and projections for 2005 by Claritas, Inc., a statistical analysis service used by the City, indicates that 9.6% of the current population of the City has household income of \$150,000 or more and that number is expected to rise to 11.6% of the population in five years. In addition, year 2000 assessments for single family homes and residential condominiums in the City indicate that units assessed over \$350,000 make up 10.5% of the total. These figures are substantially above national statistics for household income and real estate values. Based on these figures the Task Force believes that many people in the City of Alexandria are capable of making current charitable donations.

In addition to current donations, however, the Task Force believes that gifts through bequests and deferred investment instruments are the largest long-term potential source of support for this Foundation.

Donors of bequest gifts are often motivated by the desire to leave a legacy and to be remembered by generations to come. The City of Alexandria, which was founded before the United States of America and which will continue to exist for many generations, is an ideal recipient of such gifts.

Various forms of charitable bequests are encouraged by the IRS in the form of tax benefits given for such gift arrangements. Projections over the next twenty years are that the most significant transfer of wealth from one generation to another in history will occur through bequests.

The Task Force believes the establishment of a Foundation committed to educating the public about bequest gifts to charity will result in the development of very substantial donations to the Foundation over time. However, it should be noted that the development of such gifts takes a considerable amount of time since they are gifts that donors can commit to now but which will not be received by the Foundation until some undetermined time in the future, usually when the donors die. It is not an exaggeration to say that significant results of such a program will not be seen for as long as ten or fifteen years.

The Task Force believes that The Alexandria Capital Development Foundation, Inc. is the vehicle that can bring these long-term benefits to this community.

*Issue Seven - "What should the Foundation's fund raising goals be?"*

The purpose of the Foundation will be to raise substantial money for City projects. In the short term the Task Force believes that this effort is capable of raising at least \$5,000,000 restricted for City capital projects in the first five years.

The Task Force believes it will take time for the Foundation to build its program and credibility before donors will be willing to trust their contributions to this entity. The budget presented in Addendum 3 projects a gradual growth of annual donations over the first five years.

As the Foundation develops relationships with potential donors whose interests are focused in one direction or another it will be possible for the Foundation to set specific goals for individual projects.

Based on the experience of community foundations and other institutions that have committed to developing bequest gifts it is reasonable for this Foundation to expect to receive \$10,000,000 in such gifts in addition to current gifts over the first ten to fifteen years. Again it should be noted that the receipt of such gifts lags substantially behind the effort to develop them. It would not be unusual for no funds from such gifts to be received for the first four or five years of the program. After that period of time gifts will start to be received in increasing amounts if the effort to develop them has been thorough and consistent over a long period of time.

*Issue Eight - "How will the Foundation pay for its operations over the long term?"*

The Task Force sees four possible sources of unrestricted funds to support its operations. 1) The budget projection in Addendum 2 assumes initial annual grants for operating funds from the City; 2) Directors of the Foundation will be expected to raise unrestricted funds to support the Foundation's operations; 3) Over time as restricted gift funds are received and held by the Foundation prior to transferring them to the City, income generated while they are being held in the Foundation could be used to support Foundation operations; and 4) Over the long run as unrestricted endowment funds are developed, income from these funds would be used to support the Foundation's operations.

*Issue Nine - "What should the relationship be between the City and the Foundation?"*

The Task Force sees the relationship between the Foundation and the City as a private-public partnership to serve the common good. The purpose of the Foundation is to serve the community by seeking private donations for public projects.

The Foundation must be, and must be viewed as, an independent entity working on behalf of the community. The Foundation Board of Directors cannot speak on behalf of City Council with regard to capital projects and by the same token, City Council

cannot speak on behalf of the Foundation. It is critical to the Foundation's long-term success that gifts to the Foundation not be perceived as payments to the City. The Foundation's independence from City Council is necessary if it is to be a reliable intermediary between the City and donors.

Giving is a financial transaction and as with many financial transactions there is an element of negotiation that is integral to the process. Issues such as how and when funds will be used for a particular project and what recognition donors can expect for donations are matters that can have substantial effect on whether and how much donors will give. The Foundation must be viewed as representing the interests of the donors on behalf of these public projects. In this regard it can be said, "The Foundation proposes and City Council disposes."

The Foundation must also be viewed as an organization that is open and responsive to the community it serves. Its Directors must be viewed as performing a public service. Any suspicion that personal or professional benefit is involved in the solicitation and use of gifts will be extremely detrimental to the Foundation's ability to pursue its mission.

The Foundation's operations should be marked by reports to the public on its activities and progress. These reports should take the form of written and oral presentations, annual financial reports, brochures and other methods of informing the public.

*Issue Ten -- "What should the relationship be between the Foundation and other nonprofit agencies?"*

As envisioned by the Task Force the Foundation will have a unique mission that serves the common good just as other non-profit agencies do.

It is possible that other non-profit agencies may view the establishment of this Foundation as competitive in the search for funds and volunteers. However, the Task Force believes that each charitable cause has its own constituency. Donors are free to contribute to any organization they believe will best fulfill their vision of a more desirable future. Donations that go to one organization would not necessarily have gone to another if the first did not exist. It is important for each agency to seek and to find those donors who share its vision of the future.

At the same time it should not be the intention of the Foundation to take potential donors from any already existing agency. It should be the practice of the Foundation to make prospective donors aware of other charities if their interests would be better served by donating to something other than the Capital Development Foundation.

### **Part three: Conclusion**

The Task Force believes there are certain keys to the success of this project that have been addressed in this report. They are:

The Foundation must be driven by a clear and inspiring vision of a desirable future for our City.

The Foundation must not be, and must not be perceived to be, an arm of City government. It must be viewed by the community as an independent entity working in partnership with the City for the common good of all the citizens of the community.

The Directors of the Foundation must be passionate about the cause and capable of raising substantial amounts of money. Therefore it is essential that the nomination and election of Directors be the responsibility of the Board of Directors of the Foundation alone after City Council appoints the initial three Directors.

The Foundation must be free to recommend projects that are not being considered through the City's normal capital funding process.

We live at a time when it is recognized that there are significant limitations on the amount of revenue municipalities are able to generate through tax revenue. This is particularly true of Alexandria which has within its borders very little space that can or should be developed and that could provide additional sources of tax revenue for the City in the future. At the same time the desires and expectations of the citizens for facilities and services they believe are necessary to maintain and enhance Alexandria as a desirable place to live and work continue to grow.

In this atmosphere the Alexandria City Council has the opportunity to display its own visionary and farsighted leadership by encouraging and supporting the genesis of a Capital Development Foundation that will make a significant contribution to the future of our City.

The Task Force has provided a formula for such a foundation. Like carefully developed formula it is based on fundamental principles confirmed by experience. In this case the principles and experience referred to are in the field of voluntary fund raising. The recommendations in this report are based on fund raising principles and practices that guide the most successful fund raising programs. They have been confirmed to be effective through many years of implementation.

Therefore it is the unanimous recommendation of the Task Force that if City Council wishes to see the objectives outlined in this report achieved, this report should be accepted and acted on in its entirety with only minor changes and adjustments.

The Task Force believes that the Foundation as it envisions it has significant potential to raise funds in support of City capital projects. It has the potential to make a real impact not only on the current generation but on the lives of many generations of Alexandrians to come. It must be viewed in the broad context of the future.

The vision of the future described on pages 14-15 of this report refers to the fact that Alexandria is older than the country itself. It is not an exaggeration to say that if there should ever come a time when the United States of America no longer exists it is very likely that Alexandria will continue to be a place where a community will be formed and where people will live and work and flourish. It is in that broad sweep of an unknown and unknowable future that the Task Force sees a continuing role for The Alexandria Capital Development Foundation, Inc.

Accepting these recommendations and implementing this plan for the operation of the Foundation will be an act of confidence in our citizens and an expression of hope that a vision of an ever more desirable future for our City can be achieved.

Addendum 1  
City of Alexandria  
Capital Development Task Force  
Membership Roster

**Harry S. Flemming, Task Force Chair**

Mr. Flemming is the founder of Sonitrol Corporation and is Chairman of Advantor Holding Company. He is a former member of the Alexandria City Council.

**Nonyerem Anyanwu**

Ms. Anyanwu recently completed her MBA at the Wharton School of Business at the University of Pennsylvania. She is currently a STEP Associate with Columbia Transmission Communications, Inc.

**Phillip Bradbury**

Mr. Bradbury was a Vice President of Bechtel, then became Senior Vice President for BNFL, and played a significant role in the acquisition of Westinghouse by BNFL. Under his leadership, two affiliated companies were formed whose combined annual revenue grew to over \$300 million. He served on the boards of both companies until his recent retirement.

**Sean Clancy**

Mr. Clancy is Director of A&D with Avalon Bay, which has its headquarters in Alexandria.

**Evelyn Fierro**

Ms. Fierro is currently Director of Intergovernmental Affairs at the U.S. Department of Transportation. Before moving to Alexandria she served as Mayor of South Pasadena, California.

**David Speck**

Mr. Speck is a member of the Alexandria City Council. He is the Managing Director of First Union Securities in Northern Virginia.

**Mark Williams**

Mr. Williams is counsel for corporate regulation and holding company matters at the Federal Energy Regulatory Commission, and is Assistant Chief of Alexandria's volunteer fire department.

**City Liaison**

Ms. Lori Godwin, Assistant City Manager, City of Alexandria

Mr. Paul Doku, Office of Management and Budget, City of Alexandria

**Task Force Staff**

Mr. Victor G. Dymowski, Principal of St. Clair Partners, LLC, a fund raising consulting firm.

Addendum 2  
Job Description

**Executive Director**

***Position description***

The Executive Director of The Alexandria Capital Development Foundation, Inc., is the chief executive officer of a not-for-profit, tax-exempt, charitable corporation established to solicit funds to support capital projects of the City of Alexandria. The Executive Director reports to the Foundation's Board of Directors.

***Responsibilities***

1. Guiding the Board of Directors in developing a compelling vision and case for support for the Foundation, developing appropriate policies, and defining measurable short and long-term goals.
2. Developing a plan of action to achieve the immediate and long-term fund raising goals of the Foundation.
3. Coordinating the efforts of the Board of Directors in the process of identifying, cultivating, soliciting and recognizing donors.
4. Managing day-to-day relations on behalf of the Foundation Board with City Council and key organizations in the City of Alexandria that may effect the Foundation's program.
5. Representing the Foundation in the community.
6. Hiring and supervising staff.
7. Overseeing the operations of the office.
8. Developing and overseeing the annual operating budget.

***Qualifications***

1. Sufficient experience to serve as the chief fund raising officer of a fund raising foundation.
2. Experience in assisting board members enhance their effectiveness in fund raising for major gifts.
3. Experience in developing and managing planned giving programs.
4. Acceptance of the code of ethics of the Association of Fundraising Professionals.
5. Strong writing and speaking skills.
6. Ability to be committed to the Foundation's mission
7. Effective personal presence that communicates seriousness of purpose and focus on goals.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>					
City of Alexandria Grants	\$100,000	\$104,000	\$108,180	\$112,488	\$116,985
Contributions for operations	\$148,900	\$146,828	\$152,183	\$157,584	\$163,101
Contributions restricted for capital projects	\$250,000	\$500,000	\$1,000,000	\$1,500,000	\$1,750,000
<b>Total</b>	<b>\$498,900</b>	<b>\$750,828</b>	<b>\$1,260,343</b>	<b>\$1,770,050</b>	<b>\$2,030,086</b>
<b>Expenses</b>					
Salaries and benefits					
Executive Director	\$85,000	\$98,800	\$102,752	\$106,862	\$111,136
Support staff	\$30,000	\$31,200	\$32,448	\$33,745	\$35,085
Benefits	\$25,000	\$26,000	\$27,040	\$28,121	\$29,246
Operating expenses					
Legal	\$5,000	\$2,500	\$2,800	\$2,704	\$2,812
Accounting	\$2,500	\$2,600	\$2,704	\$2,812	\$2,924
Cultivation and entertainment	\$2,400	\$2,486	\$2,595	\$2,698	\$2,805
Rent	\$25,000	\$26,000	\$27,040	\$28,121	\$29,246
Graphic design	\$3,000	\$3,120	\$3,224	\$3,374	\$3,509
Printing	\$15,000	\$15,600	\$16,224	\$16,872	\$17,547
Postage	\$5,000	\$5,200	\$5,408	\$5,624	\$5,849
Telephone	\$3,000	\$3,120	\$3,224	\$3,374	\$3,508
Utilities	\$3,000	\$3,120	\$3,224	\$3,374	\$3,509
Maintenance	\$2,400	\$2,486	\$2,595	\$2,698	\$2,805
Supplies	\$1,200	\$1,248	\$1,297	\$1,349	\$1,403
Furniture	\$10,000	\$1,000	\$1,000	\$1,000	\$1,000
Computers	\$6,000	\$1,000	\$1,000	\$1,000	\$1,000
Software	\$8,000	\$1,500	\$2,000	\$2,000	\$2,000
Printers, copier, fax	\$1,200	\$100	\$100	\$100	\$100
Equipment maintenance	\$1,200	\$1,248	\$1,297	\$1,348	\$1,403
Travel and conference	\$5,000	\$5,200	\$5,408	\$5,624	\$5,849
Dues and subscriptions	\$2,000	\$2,080	\$2,183	\$2,249	\$2,339
Consulting	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
<b>Total</b>	<b>\$248,900</b>	<b>\$250,828</b>	<b>\$260,343</b>	<b>\$270,050</b>	<b>\$280,086</b>
<b>Operating revenue over operating expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue restricted for capital projects</b>	<b>\$250,000</b>	<b>\$500,000</b>	<b>\$1,000,000</b>	<b>\$1,500,000</b>	<b>\$1,750,000</b>
<b>Cumulative revenue restricted for capital projects</b>	<b>\$250,000</b>	<b>\$750,000</b>	<b>\$1,750,000</b>	<b>\$3,250,000</b>	<b>\$5,000,000</b>

Addendum 3



**Budget notes**

Inflation is estimated at 4% per year.

**Executive Director**

Competitive salary combined with a performance incentive plan to attract a fully experienced professional capable of assisting a strong Board of Directors in the articulation of a driving vision and the identification and solicitation of major gift prospects.

**Support staff**

An experienced administrative assistant.

**Benefits**

Estimated at 20% of salaries.

**Legal**

First year setup of Articles of Incorporation, Bylaws, establishment as a 501(c)(3) tax exempt entity. Maintenance in following years.

**Accounting**

Day to day accounting and annual audited report.

**Cultivation**

Meetings, entertainment for prospective board members and potential donors.

**Rent**

Estimated at \$25 per sq. ft. for 1000 sq. feet

**Graphics**

Design of letterhead, brochures, newsletters, annual reports, web site.

**Printing**

Letterhead, brochures, newsletters, annual reports

**Postage**

General distribution of promotional materials to an audience of 5,000

**Telephone**

Sufficient lines for staff, computers, fax.

**Utilities**

Provision if not included in rent.

**Maintenance**

Environmental services if not included in rent

Supplies

Paper, pens, normal office supplies

Furniture

Outfitting of office space for three staff members with desks, chairs, meeting room furnishings, filing space, bookshelves, office decoration. Minimal needs in following years.

Computers

Assumes purchase of three computers and networking.

Software

Donor record keeping system, Microsoft Office, planned giving software.

Printers, fax, copier

Two printers, one copier, and one fax machine.

Equipment maintenance

Warranties and repair.

Travel and conference

Participation in professional associations.

Dues and subscriptions

Professional association memberships and publications.

Consulting

Prospect identification, financial management, communications, fund raising counsel, strategic planning, legal issues related to gift arrangements.

Addendum 4  
Examples of Similar Programs

1. The Louisville (KY) Public Trust Fund supports city government-funded projects and programs which promote the growth and enhancement of the community. Launched by the City and the Community Foundation of Louisville, the Fund's Board of Governors encourages donations from individuals, businesses and organizations.
2. The City of Sarasota (FL) Department of Marketing and Development solicits grants and gifts from private foundations, individuals, service clubs and corporations to subsidize ticket prices of the Van Wezel Performing Arts Hall.
3. As part of a fund raising thrust for the 1990s, the City of Ventura (CA) formed a partnership with the Ventura County Community Foundation to establish three endowment funds to benefit city programs. The partnership provides local governments funds from private donors through endowment funds for Senior Citizen programs, Special Olympics, and Youth Scholarships.
4. The nonprofit Downtown Walla Walla (WA) Foundation's purpose is to develop the vitality, pride, beauty, spirit, service and value of downtown Walla Walla.
5. The Centurion Foundation in New York City is a nonprofit organization established in 1986 to support New York City's Police officers.
6. The City (NYC) Parks Foundation
7. The Dallas (TX) Trees and Parks Foundation
8. The Denton (TX) Park Foundation
9. The Monmouth (NJ) County Park System Foundation
10. The Montgomery County (MD) Park Foundation
11. The Park System Trust Fund of Wheeling (WV) and Oglebay Foundation
12. The Pennsylvania Recreation and Park Society Foundation
13. The San Antonio (TX) Parks Foundation
14. The Gettysburg National Battlefield Museum Foundation working on behalf of this National Park Service Facility
15. The Statue of Liberty-Ellis Island Foundation

16. The Fairfax County Library Foundation
17. The Fairfax Public Schools Foundation
18. The Fairfax County Partnership Office
19. The Fairfax County Park Foundation
20. The San Antonio Public Library Foundation
21. The DC Public Library Foundation
22. New York City actively seeks corporate sponsorship for playgrounds, snack bars, litter baskets and even police patrol cars.
23. Albamarle County (VA) has a Police Foundation that is made up of corporate neighbors who provide funds for capital equipment and an annual awards banquet
24. James City County (VA) established a Resource Development Administrator for its Division of Parks and Recreation to acquire grants, private and corporate donations and to develop partnerships to expedite completion of a long list of capital projects
25. Municipalities interested in establishing Park Foundations include:
  - Bellaire (TX) Parks and Recreation
  - Glouster (VA) Parks and Recreation
  - Hartford (VT)
  - Lakeville (MN)
  - Johnson City (TN)
  - Maryland Heights (MO) Parks and recreation
  - Muhlenberg (PA) Township Park and Recreation Department
  - Northern Suburban (IL) Special Recreation Association
  - Oro Valley (AZ) Park and Recreation
  - Portland (OR) Parks and Recreation
  - Siloam Springs (AR)
  - Sonoma County (CA) Regional Parks
  - St Louis (MO) County Parks
  - Suffolk County (NY) Parks
  - Tracy (CA) Parks and Community Services Department
  - Winding Trails Recreation Association (CT)
26. The Ashtabula County Foundation (OH) raises money for capital projects for various charitable organizations and for a variety of civic programs. For example, a recent program has been devoted to converting disused rail tracks to hiking trails.

# CAPITAL DEVELOPMENT OFFICE TASK FORCE

<u>MEMBER</u>	<u>PHONE</u>	<u>OCCUPATION</u>	<u>ORIGINAL APPOINTMENT</u>	<u>CURRENT APPOINTMENT</u>	<u>OATH</u>	<u>EXPIRATION OF CURRENT APPOINTMENT</u>
<b>MONYEREM ANYAMUJ</b> 3001 PARK CENTER DRIVE, #1115 ALEXANDRIA, VA 22302	Res: 703-820-7895 Bus: 703-227-3208 Fax: 703-227-3366 E-Mail: see below	STEP ASSOC. COLUMBIA TRANSMISSION COMMUNICATIONS, INC.  MONYEREM.ANYAMUJ.WG9924HARTON.YPENW.EDU	06/22/2000	06/22/2000		12/31/2000.
<b>PHILLIP BRADBURY</b> 1250 S. WASHINGTON ST. #805 ALEXANDRIA, VA 22314	Res: 703-519-5286 Bus: - Fax: 703-519-1816 E-Mail: PBRAD@BNFLINE.COM	VICE PRESIDENT BNFL, INC.	06/22/2000	06/22/2000		12/31/2000
<b>SEAN CLANCY</b> 309 NORTH PITT STREET ALEXANDRIA, VA 22314	Res: 703-837-8771 Bus: 703-317-4640 Fax: 703-329-1459 E-Mail: SClancy@Avalonbay.com	DIRECTOR, A & D AVALONBAY COMMUNICATIONS	06/22/2000	06/22/2000		12/31/2000
<b>EVELYN FIERRO</b> 4600 KIRKPATRICK LANE ALEXANDRIA, VA 22311	Res: 703-931-6444 Bus: 202-366-1304 Fax: 202-366-7907 E-Mail: fierroev@aol.com	DIRECTOR, INTER- GOVERNMENT AFFAIRS U.S. DOT	06/22/2000	06/22/2000		12/31/2000
<b>HARRY S. FLEMING</b> 99 CANAL CENTER PLAZA, #220 ALEXANDRIA, VA 22314	Res: 703-548-9308 Bus: 703-549-3900 Fax: 703-548-1712 E-Mail: fleming@advantorholding.com		06/22/2000	06/22/2000		12/31/2000

Chair

# CAPITAL DEVELOPMENT OFFICE TASK FORCE

<u>MEMBER</u>	<u>PHONE</u>	<u>OCCUPATION</u>	<u>ORIGINAL APPOINTMENT</u>	<u>CURRENT APPOINTMENT</u>	<u>OATH</u>	<u>EXPIRATION OF CURRENT APPOINTMENT</u>
SUSAN LOCKING 906 PRINCE STREET, #201 ALEXANDRIA, VA 22314	Res: 703-549-3609 Bus: 202-537-6822 Fax: 202-537-6824 E-Mail: slocking@nrcusa.com	PROJECT DIR, LOCAL GOV'T MARKETS, NAT'L INFO CONSORTIUM	06/22/2000	06/22/2000		12/31/2000
DAVID SPECK 301 KING STREET ALEXANDRIA, VA 22314	Res: Bus: 703-838-4500 Fax: E-Mail: dspeck@aol.com	COUNCILMAN CITY OF ALEXANDRIA	06/22/2000	06/22/2000	/ /	12/31/2000
MARK WILLIAMS 239 BUCHANAN STREET ALEXANDRIA, VA 22314	Res: 703-836-8334 Bus: 202-219-2429 Fax: E-Mail: markwilliams@yahoo.com	LAWYER	06/22/2000	06/22/2000		12/31/2000
M. JEAN WILSON 3302 GUNSTON ROAD ALEXANDRIA, VA 22302	Res: 703-845-1374 Bus: 202-707-2163 Fax: E-Mail: m_j_wilson@hotmail.com	SENIOR FINANCIAL ANALYST, D.C. WATER & SEWAGE AUTHORITY	06/22/2000	06/22/2000		12/31/2000

## CONSULTANT TO TASK FORCE

VIETOR DYMONSKI, CFRE

ST. CLAIR PARTNER, LLC

6039 Edgewood Terrace  
Alexandria, VA 22307

Phone: 703-329-3048

Fax: 703-329-1796

E-mail: stclairpar@aol.com

EXHIBIT NO. 2  
PHONE-O-GRAM®

for: Mayor & Council

From Ralph Thompson Company 11-16-02

City \_\_\_\_\_ Area \_\_\_\_\_ Code \_\_\_\_\_ Phone \_\_\_\_\_

☒ Telephoned ☐ Please return the call ☐ Returned your call ☐ Will call again ☐ Came in ☐ See me

Message This is the worst time for the proposal due to current shortage of funds and city budget. It should be cut during the budget process.

The Budget should be considered before the Capital Development Office

Date 11/15 Time 12:55 Taken by bc

Action Wanted \_\_\_\_\_

Action Taken \_\_\_\_\_

11  
11-16-2002

**Testimony of Kristin Miller, Executive Director  
Lee-Fendall House Museum  
Alexandria, Virginia**

**Establishment of a Capital Development Office for the City of Alexandria  
November 16, 2002**

Good morning. My name is Kristin Miller and I am the Executive Director of the Lee-Fendall House Museum. I am here this morning to speak in support of the establishment of a Capital Development Office for the City of Alexandria.

The Lee-Fendall House was constructed in 1785. For its first 118 years it served as the home for 37 members of the Lee family. From 1903 to 1936, the Downham family owned the house. The labor leader John L. Lewis lived in the home from 1937 until his death in 1969.

Following Mr. Lewis' death, a small foundation called the Virginia Trust for Historic Preservation was formed to raise the necessary funds to purchase the property, save it from impending demolition, preserve the historic structure and promote the history of its residents for future generations. The Lee-Fendall House opened to the public as one of Alexandria's first museums in 1974. Since the early years, our organization has developed into a dynamic cultural resource for this community and is visited by 10,000 people annually.

Today, our annual operating budget is \$100,000 – which pays for our educational programs, overhead and general building maintenance. Our organization does not have the benefit of an endowment, and is thus required, like many of Alexandria's non-profit organizations, to operate on a limited budget with limited reserves. Our annual operating budget is funded by the generosity of individuals, foundation grants and corporate support. And, although we do not receive direct funding from the City, through our collaboration with the Office of Historic Alexandria, and its museums, we do benefit from many of the City's resources.

Our greatest challenge however, is raising money for capital improvement projects. In addition to raising our annual operating budget, we are required, each year, to raise on average, \$35,000 for capital improvement projects associated with our 217-year-old house. This is significant. To us, our house is not just an office. It is our classroom, providing the context for our history and the story we tell each day.

The Capital Improvement Office will raise the overall level of community philanthropy, by providing individuals, organizations and corporations a channel to support community projects. Further, with the weight of the City's name behind it, the Capital Improvement Office will draw funding from organizations that small foundations, such as our's does not have access or entrée to. This mechanism will supplement resources available for not



only City capital projects, but should also provide resources for non-City capital projects that will enhance the Alexandria community.

We do, however, request consideration of two recommendations.

(1) One of the primary components necessary to the success of this initiative is the Board of Directors. It is our recommendation that this Board include at least two seats for representatives from Alexandria's non-profit community.

(2) Staff reports indicate that the foundation will require approximately five to ten years to become established. Over time, and only as the foundation matures, will the foundation's Board consider the option of serving as a grant making organization under broad categories of support, and include specific private, non-profit capital projects in its fundraising solicitations. Under the current vision for this organization, this would require the foundation board to draft additional by-laws defining the circumstances and procedures under which such solicitations would take place. I urge that these procedures be incorporated into the bylaws from the outset and include, at a minimum, one or two private, non-profit capital projects in its fundraising solicitations each year. As an alternative, the foundation could set aside a portion of the funds raised each year specifically for private, non-profit capital projects that would be available through a grant application process.

Together, we can work to continue to enhance the ambiance and quality of life in our City. Thank you for your time and consideration of these comments.



# NON-PROFIT COUNCIL OF ALEXANDRIA

## Statement on Proposed Capital Development Foundation Public Hearing 11/16/02

### **Why Alexandrians should be concerned about and question the proposal before City Council to establish a Capital Development Foundation:**

1. In this time of extremely tight budgets, \$541,613 is a significant amount of City funding to gamble in the hopes that potential donations will exceed that expenditure. This half million dollars could be better spent restoring necessary programs that may be reduced or eliminated due to state budget cuts.
2. There is potential for the appearance of undue influence, since it could appear that a donor with business before the City is able to influence the outcome by making a substantial contribution to the Capital Development Foundation. The City has taxing and bonding authority to raise funds for capital purposes without this potential perception of conflict of interest, and gifts to the City are already tax deductible.
3. No one can be absolutely certain whether fundraising by the proposed Capital Development Foundation will have a negative impact on donations that local nonprofits need to serve clients with critical services including shelter, food and child care. However, we do know that nonprofits are seeing funding drop from the combined impact of the poor stock market, the sluggish economy, significant state and federal deficits and the United Way scandal. Since this drop in funding coincides with an increase in the needs of Alexandria's most vulnerable residents, any initiative that has even the potential for further reducing resources to our vulnerable neighbors is particularly disturbing. Foundations, corporations and businesses often have an annual budget for charitable giving, so donations to a Capital Development Foundation likely would be at the expense of contributions to local nonprofits.

### **If City Council votes to go ahead and approve the proposed Capital Development Foundation, the Nonprofit Council of Alexandria asks that certain steps be taken to minimize its potential negative impact on our City's most vulnerable citizens:**

1. Fundraising by the Capital Development Foundation staff be limited to gifts of (a) cash of \$100,000 or more, (2) real estate, or (3) other real property, such as art.
2. One voting seat on the board of the proposed foundation be designated for a nonprofit representative, selected by the City Manager and local 501(c)(3) nonprofits.
3. At least 10% of the funds raised by the Capital Development Foundation be set aside for capital purposes of local nonprofit organizations.

### **Finally, the Nonprofit Council of Alexandria respectfully requests that City Council proceed with the following steps in any further exploration and refinement of the proposed Capital Development Foundation before making any final decision:**

1. Hold a public work session to be held with nonprofits, residents and City Council.
2. Clarify issues in the proposal, and provide additional research and hard data on the proposed model, its likelihood of success, and the impact on local nonprofits and vulnerable citizens in communities in which a similar effort has been initiated.
3. Consider strengthening the Alexandria Community Foundation, which could solicit gifts for City capital projects along with funding for programs to serve those in need.

**--Elsie Mosqueda and Carol Loftur-Thun, Co-Chairs**

2723 KING STREET, ALEXANDRIA, VA 22302  
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# NON-PROFIT COUNCIL OF ALEXANDRIA

**Supporting the NPC Statement on the CDO:**

**Alexandria Christmas in April-Rebuilding Together, Alexandria-Olympic Boys and Girls Club, Alexandria Red Cross, Alexandria Volunteer Bureau, ALIVE!, Alexandria Neighborhood Health Services Inc., The Campagna Center, Computer C.O.R.E., CrisisLink, Community Lodgings, Inc., Community Partners for Children, Joy of Sports, Legal Services of Northern Virginia, Northern Virginia AIDS Ministry, Northern Virginia Family Services, Senior Services of Alexandria,**

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PHONE: 703-746-0440 EXT.22 FAX: 703-746-0240  
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**ROUGH DRAFT**

**Verbatim Transcript**

**City Council of the City of Alexandria  
Saturday, November 16, 2002  
City Council Discussion  
Docket Item No. 11**

\* \* \* \* \*

- 11. City Council discussion of the Public Hearing on and Consideration of Establishment of Capital Development Office for the City of Alexandria. (#21 9/24/02)**

**Pepper: Mr. Mayor.**

**Mayor: Ms. Pepper.**

**Pepper: Um, as I look at this, I really think the Nonprofit Council has pretty much said it all. This is a lot of money to be gambling even if it's only a hundred thousand dollars a year, uh, or whatever it turns out to be, uh, that's still an awful lot of money at a time, uh, when we really need that money for a whole slew of other things. I think it is quite a gamble. Uh, and, I think that there's no doubt in my mind, anyway, that, uh, this particular, uh, foundation would, in fact, compete aggressively with some of the other organizations that are out there for money. In fact, I'm really amazed where is the Animal, uh, Shelter, uh, in all of this? Maybe they felt because we give so much money to them they couldn't add their name to this list, but for heavens sake they're going after the exact same dollars that, uh, this Capital Development Foundation, uh, would be going through. Anyway, I think that our speakers have pretty eloquently, uh, spelled out what the problems are with this. I would like to call attention to the list of organizations that signed on here. I think that many of them, uh, uh, they really do represent a pretty broad perspective of, uh, of, uh, organizations in our City, and if they**

believe it, uh, that they will be threatened, then maybe we ought to believe it, too. And, I'm going to move that we reject this suggestion of establishing a Capital Development Office.

Cleveland: Second.

Donley: Motion by Mrs. Pepper, seconded by Mr. Cleveland. Is there any further discussion?

Euille: Mr. Mayor.

Donley: Mr. Euille.

Euille: Uh, I think I have, uh, a lot of knowledge and experience dealing with, not only with this particular issue, but certainly with, uh, uh, our nonprofit community. Uh, and certainly sympathize, excuse me, can you turn down the a little bit, uh sympathize with the concerns that have been expressed relative to the, uh, uh, potential to compete for in the open market for the same dollars, uh, and that could happen, may happen. Uh, it's certainly always, you know, out there, but at the same time, I think first and foremost people, citizens will give where they feel there's the greatest need, and they will always give to help their other fellow citizens. And, I just don't believe, any maybe I'm unique and totally different, that people that have always, citizens that have always given to the various nonprofits will all of a sudden stop giving to those nonprofits for outreach and community services for our citizens, and say, great, now I can give my dollars to the City government of Alexandria. I don't see that happening. Not at all. As someone who has given his lifetime to this City and to various and working for nonprofits not only lifetime, but hundreds of thousands of dollars over the last four or five years. I mean, I would never ever support something that would in any way have an impact and/or deter the value of our nonprofit community. Uh, I see this foundation as something that's reasonable if it's structured and done properly and correctly and necessary. And, uh, again, I think what needs to be distinguished here is that this is this fundraising is for capital needs and not for operating needs.

Uh, and uh, you know, I, I just suspect and in earnest, and I've talked to several of the executive directors of at least a couple of nonprofits over the last couple of days, if this was really, really something that we shouldn't be doing, correct me if I'm wrong, I don't think the suggestions that have been offered or if the Council decides to go ahead then add, you know, do a b c. Uh, to me that's sort of indicates that there really isn't anything wrong with it other than the fact that, and certainly very appropriate, uh, that the nonprofits are asking and requesting, uh, that there be uh, some protective measures. Uh, I see some head shaking out there but. The paper from the nonprofit council says it. It outlines three suggestions for consideration by the Council if we choose to move forward with this foundation, but, uh, at any rate, those are my comments, my thoughts, and uh, you know I've looked at this and certainly have had some concerns relative to the events of, uh, the affects since the events of September 11<sup>th</sup> on not only the nonprofit community, but the economy as a whole. And, certainly, you know, I'm one of those folks like everyone else in this room and in this City that's been affected by it, monies in the stock market, uh, I've served on the board of directors of United Way trying to help them, you know, get through their problems, the Metropolitan United Way and our local United Way. So, uh, I'm certainly not naive at all to the issues and the concerns, but when I weigh all of the facts, I personally do not see where this is going to have any tremendous or significant harm to our nonprofit community. And, you know, I have pledged before, and I'll pledge again, you know, my commitment will always be there. I will be out there beating the bushes to convince the rest of our citizens and non-citizens to contribute and give to our nonprofits. And, as has already been mentioned, I'm on the boards of a lot of these organizations, there are at least a half dozen or more capital campaign uh, uh, initiatives already underway, and by our nonprofits here the City of Alexandria, and, uh, whether it's a City campaign or a capital foundation office or not, that, those types of competitions are always going to be out there. It's going to be there. But, uh, again, time and time again, I believe that citizens know where and when, where they want to give their dollars to, and they will

do it, as my friend, Mel Bergheim, said asked of us to do the right thing, I believe our citizens will do the right thing.

**Speck:** Mr. Mayor.

**Mayor:** Mrs. Pepper and then Mr. Speck.

**Pepper:** I'd like to note though, that if you will recall uh after 9/11 when everybody wanted to send money and help and so forth, uh, to that cause, uh the local charities or at least the smaller charities, uh, were receiving less money and less attention and less everything, and I think that's exactly what I'm worried, and the churches, that's exactly what I'm worried about. And, so you're saying, uh, that that won't happen. I think it will. Maybe, yes, indeed, I may give to this foundation if it existed, but uh I might have to give a little less to some of these others. I'll continue to give to them because they're still my friends, but, uh, uh, and I understand their causes. I respect their causes, but I'm going to give less because I'm giving to this additional group, and we should not be in competition with these groups. I think it's a poor thing to be doing. When you were talking about, well, this is really just operating costs, these people are talking about, well, I don't know. If you're looking for the big bucks and you're looking for estates and so forth, uh, people to be leaving money, well I think that Alexandria Hospital would love to have you leave have an estate left to them, and I certainly can tell you that the Animal Shelter League would be delighted to have a whole estate left to them. I suspect with all of these smiling faces out there that you are talking about other groups that would love to have some of these big bucks left to them.

**Mayor:** Thank you, Ms. Pepper. Mr. Speck.

**Speck:** Mr. Mayor, I have some comments that I was going to make in preparation of introducing a motion, but I'll make those comments. I'll wait until we dispense of this motion and then make one, but I think that if there is one thing for which are all in complete agreement, uh, it is that we are all at some level

saddened by anything that appears to be adversarial between the Council or the City and the nonprofit organizations in this City. I'm sure that under any circumstances, and we certainly heard it earlier today in the context of the budget, that there is a desire to have more funding, uh, and I doubt if there would ever be a day when we would have been able to fund enough to satisfy everyone because the needs continue to grow and expand, but I also think that probably there would be some level of agreement that this is a City that has always taken a great deal of pride in the role that nonprofits and volunteers have performed in the community and have tried to support that and will continue to do that. Uh, so when the issue of competition arises, uh, there's nothing you can say. I mean, you know, I can stand on my head, I don't believe that this going to be deleterious to the fundraising of community organizations and it won't make a bit of difference. I mean there is only one way that we're going to find out if we go forward, and that's to go forward and see that. I mean I believe and I think Mr. Euille said the same thing which is that if we believed that if this was, in fact, going to the fundraising efforts on the part of the nonprofits, we would not pursue it. Uh, and we believe that sincerely, but talk is cheap, and there is only one way we are going to find out. But, by the same token, I think it's important to understand that what Council giveth, Council can taketh away.

**Pepper:** With difficulty.

**Speck:** and that, if in fact, uh this goes forward and there is some recognition that it is not working as effectively as hoped, or in some ways becoming damaging, the Council is also in a position to stop this. Uh, this is a function of Council, uh, and, to the extent that that uh we're going to go forward because we believe that it can be successful and that it can help, uh, is also, I think, just as clearly a statement that if it's not, uh, and I expect to be very involved in this, uh, and I, I mean, for whatever it's worth, uh uh, I don't expect to be participating in something that proves to be in some way punitive to nonprofits. And, I'm going to be working hard to make sure that doesn't happen. It's



also, and I think that we spoke to this earlier but the situation I think continues to uh uh worsen and that is uh the capital demands that are being placed on the City that are not only in excess of anything that we have forecasted as recently as two years ago, but were we to bond at the level of projects that we are facing, uh I think we would seriously jeopardize uh our bond rating, our triple A bond rating because I think it would exceed either our standards or uh the expected standards of how municipal government uh, uh incurs debt. Uh, and um, when I make a motion there will be some other points that were raised specifically in testimony about things that we're going to do. I feel very badly that there are organizations that believe that this is either a bad idea or uh is in some way going to hurt them. Uh, and, as I think Mr. Euille made a pledge to you, I do as well, that I am not going to be a participant in something that I think that in any way is going to prove to be anything but a positive benefit for both the City and for the philanthropic environment that exists in the community, and I believe that will be beneficial to all of the organizations. I really do. Thank you, Mr. Mayor.

**Mayor:** Mr. Cleveland.

**Cleveland:** Mr. Mayor, uh, uh, in deference to my Council colleague, Mr. Speck, I remember something that he said and I'm going to use his quote, but let me use what he said earlier: "what the Council gives, the Council can take away." And he also said: "if you ever want to have everlasting life, become a government program." Thank you.

**Mayor:** Uh, insightful, the uh, there's no doubt that we are currently, have been in the past, and will be in the future, faced with number one, increased in capital needs, and number two, loss of intergovernmental support. And that's happened in the past, it has, it is happening now, it will happen in the future. And, my guess is when Mel Bergheim was up there they were probably saying a lot of the same things about the state government. And, I think we need to respond accordingly. I mean we want to fund a lot of the things for our citizens. I mean we've heard during the public hearing today about, you know, well we need

more money for T.C. Williams, more money for G.W., more money for Minnie Howard, and then you know, we got a variety other capital programs that are necessary as well. And, and, yes, a lot of the speakers gave some, I think, some thoughtful comments, particularly, I want to reference George Berger. You know, he said, well you know use your debt for some of that stuff, and yeah, we do that as well. But one of the things that we are also asked from time to time is to be a little innovative, uh, to try to come up with new ideas and new ways to fund certain things, otherwise we will be destined to either turn down those demands or increase taxes. Nobody wants to do that. And so, I think that is part of what is driving this proposal, number one, a need to try and do more; number two, a need to try and maintain reasonable tax burdens and maintain our debt-related financial guidelines, but it's also meant to capture some of the wealth that potentially might want to stay here, but is going other places. And, I think that this is an honest attempt to try and do just that. One of the things that I was struck with when I was reviewing the docket material both prior to this meeting and before some of our others, are the number of other municipalities around the country that have tried similar and successfully so tried similar other endeavors: Louisville, KY, the public trust fund, essentially sort of the same kind of proposal that we're talking about here; Sarasota, FL, a New York City parks fund; Denton, TX parks fund; Montgomery County, MD park foundation. There are a lot of these same kinds of programs designed to try and help communities meet their needs through innovative and maybe non-traditional financing, and I think that, you know, it's incumbent upon us to try new things once in awhile. If we don't try new things, then we'll vote down everything that you know is a new idea because we want to maintain the status quo, but, if we do so, we never get anywhere by doing just that. So, I think this is something that is deserving of our, at least trying to make something happen. I will also say that I'm interested in some of the requirements that have been suggested by the nonprofits council. You know, for example, you know, a voting seat on the board. I think that that's something that we should give serious consideration to, uh, but at any rate, that's not part of the

motion that's under consideration right now.

Pepper: Mr. Mayor.

Mayor: Yes, Mrs. Pepper.

Pepper: Final comment here. I would like to mention, to respond to what David had said about what Council can do, they can undo, yeah, but what might happen is you would have a whole bunch of nonprofit organizations going out of business before we would realize that it was exactly traced back to this particular problem, so we would have a number, we could a number of groups collapsing and disappearing and not offering them services at a time we realized, oh whoops, we had better undo that particular project. The second thing I wanted to mention was that uh the second point that Mel mentioned, and I think somebody else mentioned and it's also on our statement here of the Nonprofit Council, and that is the one about whose going to be wanting to give to this big time. First of all I think that it'll be kind of glamorous thing at first and you may get quite of few contributors, and big time contributors, and then after awhile you may get some isolated estates that go this way just because people love Alexandria and they want to uh, they have no one else to leave their money to or no particular cause, but I would think that that might be very much isolated. So, who is going be that group that's going to be ongoing and have an interest in doing this? Well, that gets to that point of appearance of undue influence because there are people of that category who would have cause to want to be contributing to this terrific fund if it were created. Uh, the next point I'd like to mention is something that was brought up before, and you just touched on it, and that is this great wealth that is believed to be in the City that nobody is contributing right now, it's going outside the City. Well, it's probably going out, I would assume because there are people who have specific projects that they are interested in. If your mother died of cancer, yeah, you're going to give whatever excess money you have to the cancer foundation, to heart disease, to Alzheimer's, to Hospice, whatever it is, you have a specific reason for that money leaving

the City, and I don't see that there is that great wealth that we're going to draw upon. And lastly I want to say that different isn't better.

**Mayor:** Well, different isn't better and I appreciate that, but by the same token you know, I think you can look at this negatively or you could look at it more positively. One of the things that's been suggested and, if this is successful, one of the things that's been suggested is that by the Nonprofit Council that ten percent of the funds raised be set aside for the capital purchases of purposes for local nonprofits. Uh, you know that might be a tremendous resource. I, you know, met not too long ago with a nonprofit that you know was interested in buying the building which they occupied, and I mean they did not have the financial where with all to do so, uh, this might provide a source of funding some day for a nonprofit in a similar situation. Uh, again, I think we ought to be looking at bringing more resources or retaining resources to here in Alexandria to meet our needs. All right, we have a motion and a second. Is there any further discussion? Ms. Woodson? All right, we have a motion and a second, all those in favor of the motion, say "aye" [Del and Bill C voting "aye"]; those opposed "no", that motion fails by a vote of 2-to-5. Mr. Speck.

**Speck:** Mr. Mayor, I move that Council approve the establishment of a private, non-profit capital development foundation for the City of Alexandria, which will solicit private donations for City capital projects; request the City Manager to report back as soon as possible on the specific actions needed to establish the foundation; explicit in this request is that the board that will be created will include a representative from the nonprofit organizations, and that minimum contribution amounts will be established by the board when it drafts its by-laws; and finally, that the City Manager meet as soon as possible with representatives of the nonprofit community and other interested parties to discuss any other remaining issues.

**Woodson:** Second.

**Mayor:** Motion by Mr. Speck, seconded by Ms. Woodson, any discussion? Ms. Eberwein.

**Eberwein:** I would just like to say that uh with regard to the nonprofits coming forward with some options for us to work with if the fund is established that's simply good planning. Plan A was to try to not have it happen; Plan B was, if it's going to happen, we would like to see some safety factors, and um, I think we do that with our land use planning, and if staff says, if you approve it, which we don't recommend these are the things that you can do to make it better. Uh, I think that the idea has been successful in other cities, and I think that is what we are looking at, it's been successful for major projects on the nature of libraries, schools and open space, and from my perspective that is what we're pursuing. Uh, if it doesn't work as far as I'm concerned, I believe some government programs do have a life of their own, but I don't believe this one will. I think that there is a recognition by myself and certainly I assume my other colleagues, that, in fact all my colleagues, that nonprofits do so much for our citizens. You are such an important part of our community, and we absolutely have no interest in damaging you whatsoever. We applaud your work. We all hope that we can continue to work together to solve these budget crises and expand what you do for us and what we can do for you. I think there is no question, however, there is competition for money and that that is the bottom line issue. And, so with that, I would like to suggest a friendly to Mr. Speck, that we actually set a base, and if the board later on comes back to us and recommends something different, that we can look at it, but I would like to set a base contribution at \$25,000. Uh, I believe that probably puts it out of the range of being competitive with most of the kinds of contributions that nonprofits get. I believe it definitely orients us toward the corporations and some of the larger law firms, are you listening Duncan, some of the larger law firms and other places that might want to contribute to such, to such funds, I just want to make sure everyone is awake around here, uh, but I think that kind of floor puts us in a different category, and I would ask that Mr. Speck look at that. Again, if the board comes back it's unfeasible, uh, I'm going ask

a lot of questions about why, but I feel comfortable that that base does not contribute with most of the contributions you receive. Now, we were talking about pigs at a trough and lately, certainly some of the politicians probably feel that way, but there's a difference in the amount of contributions that we receive for instance in political campaigns, some of us and I think I speak for some of my fellow Council Members, we get a lot of small ones, and they're very, very important to us. We're not getting \$50,000 or \$100,000 contributions like they get at the Congressional level. And so with that same analogy, I am thinking that \$25,000 as a base to work with answers some of your needs and I offer that.

**Speck:** Mr. Mayor.

**Mayor:** Mr. Speck.

**Speck:** I mean I certainly understand the uh the spirit in which that is suggested. My motion was to have the board that we want to see minimums that the board which is going to be the operating governing group that will be addressing this, uh, make that decision. And, by the motion including a representative from nonprofits there'll be that sort of interaction. If it's more comfortable for you to have that number, uh, I would accept that as a suggestion that the Council suggested \$25,000, not set the numbers. I think it's inappropriate to be setting minimums at this level when we haven't even directed the board as to what they're going to be doing and how they're going to be setting this up. And, if you think, and I just have no basis for saying \$25,000 is too high, or too small, but if it provides some comfort on the part of Council to see that kind of a number and it's expressed in the form of Council suggested that was a number for the board to consider, uh, but still leaves that decision ultimately to the board that we're charging to do this with, then I think I'm okay with it. Is that okay with you?

**Mayor:** Ms. Eberwein.

**Eberwein:** Mr. City Manager and Mr. City Attorney, uh, I know I poured over this information when it came up almost about a year and a half ago, but what kind of oversight would we have over the board should they, in other words, we can strongly suggest a minimum of \$25,000, and if the board comes back to us and says, you know, we don't want any minimum, what kind of control does the City Council have over that board?

**Pessoa:** Well, Mr. Mayor, actually that's a very good point because the way the recommendation from the task force came out, this board would basically be autonomous. This foundation would be autonomous. Council would appoint the three initial members and then they would thereafter self-perpetuating.

**Pepper:** The friends of each other.

**Pessoa:** And so, you know, what I'm hearing today is a little less self-autonomy, I mean the notion that Council could if it wanted to, terminate the existence of the foundation. All that has to be incorporated into the articles of incorporation, and that can be done, but the idea or the tenor of it, at least, uh, sounds a little different than some of the discussion in the task force meetings.

**Speck:** Mr. Mayor, that was actually discussed at some length over several meetings, and in order to preserve the integrity of both the Council role and the board's role, it does have to operate in that form because otherwise, for example, the board cannot make decisions about naming something on behalf of a donor. It cannot make any representations on behalf of the City. But, the uh board operates under the express authority of the Council, and specifically as it relates to raising funds for the purpose of supporting capital projects. Uh, it serves the City in that regard, and it's the Council's role to make a decision as to whether it wants to continue to be served by this function. In other words, if the board develops a capital fund campaign for a new school, uh, It is seeking funding to support a specific City project. If the Council for whatever reason determines that this

was no longer a function that it wished to carry out, it withdraws the project. Uh, you can't have somebody going out raising money on behalf of a City project in which the Council removes the uh, uh, the project. So, uh, there are several ways that I think you can address this, but I think that's one of the reasons why the motion was to still give the City Manager time to absorb, it's been almost two years now, some of the new suggestions that have been made, some of the you know different circumstances that have come up and questions, and come back to us with a specific of uh of uh actions for us to take.

Pepper: Mr. Mayor.

Mayor: Mr. Pessoa did you have a response?

Pessoa: Yes, just, I mean I don't fault that uh that that sort of interrelationship could be created between the foundation and the Council and the projects. My only note was that that's not the tenor as I read the the report and It's something that needs to be addressed in the next stage which is forming the articles of incorporation to give Council the assurance that any changes will be acceptable to the Council.

Euille: Mr. Mayor.

Mayor: Uh, Mrs. Pepper first, then Mr. Euille.

Pepper: Well, uh, uh, do we understand that uh the Manager is going to come back to us with something? Well, I would just like to be on record as saying that I certainly don't agree with the \$25,000 figure, and I surely would not want it presented as what the Council prefers unless that is really voted on specifically. I think that what the nonprofits had suggested of a \$100,000 does to some extent put this uh office into a whole different category than what they are even though there are plenty of them that are after the \$100,000 estates. Also, I would like to point out this issue of how this board chooses the future members you end up with the friends of each other, and I'm not sure that's the



road that I would want to go. And, also I don't know if I like this idea of giving \$500,000, a half of million dollars, to a group that is totally autonomous from us.

**Mayor:** Mr. Euille.

**Euille:** Uh, yes, uh just to reflect on Mr. Speck's motion and then the comment/suggestion by Ms. Eberwein. David, in having the City Manager take a look at this and come back, what would be accomplished from today if we were to vote and approve this, would this be to approve the concept of the foundation and then he comes back with the specifics?

**Speck:** The specific language for the bylaws and drafting the formation

**Euille:** Tell me within the specifics, could it also address not only, I mean we've already agreed to have, you're suggesting, or part of your motion is for a seat, one seat for a nonprofit on the board, uh, can or will it rather or can it also include uh a discussion and a suggestion relative to the dollar amount that Ms. Eberwein is speaking to? And in addition to that, the other recommendation a suggestion by the Nonprofit Council relative to 10 percent set aside of the funds.

**Speck:** Well, I didn't have that in my motion.

**Euille:** I know, but I'm just saying that.

**Speck:** I think probably now we are starting to get into some of the actual bylaws that will be crafted by a board, uh, in terms of how it operates and the projects that it takes on. Uh, and I don't know what the City Manager is going to come back to us with in terms of the specific package. But, I, Claire and I talked about this before, I don't personally don't think that we ought to be setting minimums here uh when we're really directing or tasking a board of people that will be engaged in fundraising and are supposed to be developing a strategic plan for how to do that and telling them in advance exactly what those numbers are, but I know that the message associated with a minimum is to

make it clear that you know that this is not a group that's out there having bake sales and uh you know annual fundraising drives and seeking contributions of any amount. So, uh, I uh that's why, when, when uh Ms. Eberwein made that suggestion of a friendly amendment, I said it expressed the form that Council was suggesting something of this number, but if we are going to start, you know, uh kind of having a little, well it should be this or that, I think I'd just as soon drop it for right now and let the Manager come back with some recommendations.

**Mayor:** Mr. Sunderland and then Mrs. Eberwein.

**Manager:** Well, I just had in terms of coming back with things, I just wanted to come back with the steps that needed to be taken to take us from where we are now to getting it up and going. There are just a number of procedural and document things that need to be done. To the extent though that there are issues to decide, which I think are policy questions, then I would uh urge you to make those decisions. In other words, if there is to be a limit on contributions and what that is, uh, I'm not sure that we can go out and do a to tell you the truth a bunch of research and tell you what the right number is.

**Speck:** Yeh, I don't think that's what I was suggesting. I think that you need to come back to us and tell us if there are any specific policy decisions that have to be made, uh, we can have some further conversation, uh, about that. For example, I think that would probably be discussed when you uh, uh, set up this meeting with the nonprofits and others, I would expect to be involved in that meeting,

**Manager:** It could come from out of that.

**Speck:** and I would expect to some people that were involved in the task force at that meeting talking about this and seeing whether there is a number that would seem to make sense or an approach to take that would be appropriate for Council to consider or direct a board to consider on this.

**Woodson:** Mr. Mayor.

**Mayor:** Ms. Eberwein. Then Ms. Woodson.

**Eberwein:** Yeh, I'm going to withdraw that and the reason why is because it's clear that any kind of detailed plan is coming back to us for final approval. I would like to say, however, that the number was not out of thin air, and I am still concerned and will remain so with regard to when you develop this as to giving the nonprofits some sense that we are not going after a certain kind of contribution that is absolutely critical to them. I would also like you to address when you set this up, or at least give us information, uh if this is an independent board, and we fund it for a period of five years with the assumption and the hope that it would raise some large capital contributions, and then we let it go. Uh, I want to make sure that when we let it go we haven't created something that can then come back and start competing for those dollars. Uh, in other words, I do not want to be in the laboratory creating what could be a future problem that we will then no longer have control over. Now, I don't know what kind, I'm not asking you to answer that right now, but I am saying that if we were to put a floor on it, we get it off and going, it raises large funds, we let it go, we let it go. And, I'd like something in the rules that would address that issue because I'm not prepared to let it go if we turn out and start holding bake sales and cookie sales, OK? I don't expect that to happen, but at the same time.

**Manager:** We addressed this all, I think, eighteen months ago, uh, and I'm going to say the same thing that I think Ignacio and I said at that time, there's one thing to control the board of directors of this entity by all of you voting 5-to-2 or 7-to-0, do this or don't do that. I think Ignacio has just said you can't do that. But the way it is ultimately structured is that everything that is donated is to be donated only for the purposes of that entity making a gift to the City of Alexandria, and you are ultimately the recipient, the only people who and your successors who can accept the gift. And therefore by announcing that the Council will no longer, if you really have,

**Eberwein:** We won't accept gifts below a certain amount.

**Manager:** You won't accept gifts or you won't accept gifts at all. Now, if you really want to control that that to me is the mechanism that you, that you do it through rather than saying what to do.

**Eberwein:** Thank you.

**Manager:** Ignacio and I will work on that. We'll come back with a better discussion later on if we need to.

**Mayor:** Joyce.

**Woodson:** I was going to make the first point that Ms. Eberwein made, and so that's been done. Thank you. That's a good point, but it's just the details after Mr. Sunderland comes back to us is where we will be able to fine tune some of this, but it doesn't seem germane right now.

**Mayor:** I agree with you, so let's move forward. It seems though there is support for doing this and, you know, in consultation with nonprofit community maybe we can reach some closure on this and get it off and going. There is a motion and a seconder, is there any further discussion? All those in favor say "aye", those opposed "no". That motion carries 5-to-2 (Del and Bill C. voting no)

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# SPEAKER'S FORM

**PLEASE COMPLETE THIS FORM AND GIVE IT TO THE CITY CLERK  
BEFORE YOU SPEAK ON A DOCKET ITEM.**

11  
11-16-02

DOCKET ITEM NO. 11

PLEASE ANNOUNCE THE INFORMATION SPECIFIED BELOW PRIOR TO SPEAKING.

1. NAME: Aaron Spevacek
2. ADDRESS: 2210 Mt Vernon Ave  
TELEPHONE NO. 703-2176 E-MAIL ADDRESS: Aaron@AlexandriaVolunteers.org
3. WHOM DO YOU REPRESENT, IF OTHER THAN YOURSELF? Alexandria Volunteer Bureau
4. WHAT IS YOUR POSITION ON THE ITEM?  
FOR: \_\_\_\_\_ AGAINST: ☒ \_\_\_\_\_ OTHER: \_\_\_\_\_
5. NATURE OF YOUR INTEREST IN ITEM (PROPERTY OWNER, ATTORNEY, LOBBYIST, CIVIC INTEREST, ETC.):  
Exec Director, local chapter (Alex Volunteer Bureau)
6. ARE YOU RECEIVING COMPENSATION FOR THIS APPEARANCE BEFORE COUNCIL? YES ☒ NO ☐

This form shall be kept as a part of the Permanent Record in those instances where financial interest or compensation is indicated by the speaker.

A maximum of 5 minutes will be allowed for your presentation. If you have a prepared statement, please leave a copy with the City Clerk.

Additional time, not to exceed 15 minutes, may be obtained with the consent of the majority of the Council present, provided that notice requesting additional time with reasons stated is filed with the City Clerk in writing before 5:00 p.m. of the day preceding the meeting.

The public normally may speak on docket items only at Public Hearing Meetings, and not at Regular Meetings. Public Hearing Meetings are usually held on the Saturday following the second Tuesday in each month; Regular Meetings are regularly held on the Second and Fourth Tuesdays in each month. The rule with respect to when a person may speak to a docket item can be waived by a majority vote of Council members present, but such a waiver is not normal practice. When a speaker is recognized, the rules of procedures for speakers at public hearing meetings shall apply.

In addition, the public may speak on matters which are not on the docket during the Public Discussion Period at Public Hearing Meetings. The Mayor may grant permission to a person, who is unable to participate in public discussion at a Public Hearing Meeting for medical, religious, family emergency or other similarly substantial reasons, to speak at a regular meeting. When such permission is granted, the rules of procedures for public discussion at public hearing meetings shall apply.

## Guidelines for the Public Discussion Period

- All speaker request forms for the public discussion period must be submitted by the time the item is called by the City Clerk.
- No speaker will be allowed more than 5 minutes, and that time may be reduced by the Mayor or presiding member.
- If more than 6 speakers are signed up or if more speakers are signed up than would be allotted for in 30 minutes, the Mayor will organize speaker requests by subject or position, and allocate appropriate times, trying to ensure that speakers on unrelated subjects will also be allowed to speak during the 30-minute public discussion period.
- If speakers seeking to address Council on the same subject cannot agree on a particular order or method that they would like the speakers to be called, the speakers shall be called in the chronological order of their request forms' submission.
- Any speakers not called during the public discussion period will have the option to speak at the conclusion of the meeting, after all docketed items have been heard.